

**Commerce
Energy Policy**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,341,500	2,681,700	2,748,300	2,341,500	2,341,500
Total General Fund	2,341,500	2,681,700	2,748,300	2,341,500	2,341,500
Restricted Funds					
Balance Forward	1,183,500	1,183,500	1,183,500		
Current Receipts	5,511,000	6,228,000	6,228,000	5,400,000	5,400,000
Fund Transfers	-506,300				
Total Restricted Funds	6,188,200	7,411,500	7,411,500	5,400,000	5,400,000
Federal Funds					
Current Receipts	2,336,500	2,429,100	2,429,100	2,382,800	2,382,800
Total Federal Funds	2,336,500	2,429,100	2,429,100	2,382,800	2,382,800
TOTAL SOURCE OF FUNDS	10,866,200	12,522,300	12,588,900	10,124,300	10,124,300
EXPENDITURES BY CLASS					
Personnel Cost	1,008,000	1,322,900	1,389,500	1,030,800	1,049,600
Operating Expenses	445,500	541,500	541,500	445,500	445,500
Grants, Loans or Benefits	9,412,700	9,474,400	9,474,400	8,648,000	8,629,200
TOTAL EXPENDITURES	10,866,200	11,338,800	11,405,400	10,124,300	10,124,300
EXPENDITURES BY FUND SOURCE					
General Fund	2,341,500	2,681,700	2,748,300	2,341,500	2,341,500
Restricted Funds	6,188,200	6,228,000	6,228,000	5,400,000	5,400,000
Federal Funds	2,336,500	2,429,100	2,429,100	2,382,800	2,382,800
TOTAL EXPENDITURES	10,866,200	11,338,800	11,405,400	10,124,300	10,124,300

The Kentucky Office of Energy Policy was established in 2005 by the Governor and the General Assembly to benefit the citizens of the Commonwealth by addressing key recommendations made in the Commonwealth's Comprehensive Energy Strategy.

The office supports energy-related research and development that will benefit Kentuckians by helping to maintain Kentucky's low-cost energy, develop Kentucky's energy resources responsibly, and preserve Kentucky's environmental quality.

To fulfill its objectives, the Office of Energy Policy has initiated five programs to provide financial support to Kentucky's public universities and industry for energy-related research, development, and demonstration. These programs include Applied Energy, Clean Coal, FutureGen, University Research Matching Funds, and University Research and Development Seed Grants.

The Office supports the Kentucky Coal Council. The Council consists of 14 members and its functions are defined in KRS 154.12-252. The duties of the Council include, but are not limited to, promotion of Kentucky coal through development of market information, coordination of ongoing research and marketing programs relating to coal production, transportation, and consumption, identification of national and international market developments relating to coal, and advising coal operators and other industries seeking to enter or expand domestic or export markets. This office receives \$400,000 from the property tax on unmined coal for the benefit of the Council that is to be used for the purpose of public education of coal-related issues.

The Office is funded with eight different federal grants totaling \$2.2 million dollars. The two largest of these are the Energy Efficiency in State Government Buildings (\$979,200 annually) and the State Energy Program (\$726,000 annually).

Policy

Included in the Governor's recommended budget is \$3.5 million in Restricted Funds in each year of fiscal biennium 2006-2008 for research grants. These funds will originate from the Local Government Economic Development Fund Multi-county Fund (coal severance tax).

Included in the Governor's recommended budget is a transfer of \$400,000 in Federal Funds in fiscal year 2006-2007 from the Energy Efficiency in State Government Buildings federal grant to the Chiller Pool capital project in the Cabinet for Health and Family Services.